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## Bullet train revenue estimates down, ridership up in new business plan

New estimates for the California bullet train show lower revenue and construction costs, and higher ridership and operating costs.

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A 2014 business plan for the statewide bullet train, depicted in this artist's rendering provided by the California High-Speed Rail Authority, reports updated cost estimates. (Associated Press / December 2, 2010)

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Taking California's bullet train to a greener future



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By Dan Weikel  
February 7, 2014 | 10:00 p.m.

Construction costs and revenue estimates for the California bullet train are headed downward while operating costs and ridership for the proposed statewide system are expected to increase above earlier forecasts, according to the project's latest business plan unveiled Friday.

The draft plan summarizes the work of the California High-Speed Rail Authority during the past two years, contains revisions of ridership and cost estimates made in the 2012 business plan and describes the project's future goals, including the possibility of attracting private sector partners.

"The updated forecasts and analyses continue to show that, as the system develops over time, it will generate financial value through positive net operating cash flow and attract private investment," said Jeff Morales, the authority's chief executive.

According to the plan, the mid-range ridership forecast is 25% higher than predicted in 2012. The new projections expect the system to have 10.4 million riders in 2025 and 35 million in 2040 once the market is fully ramped up for the Phase 1 route between San Francisco and Los Angeles.

Researchers said that riders are expected to take more, but shorter, trips than originally forecast, which will result in lower fares and lower revenue. Compared to the mid-range forecast from 2012, revenue is projected to be 5% lower at \$801 million by 2025 and 10% lower at about \$3.6 billion in 2040.

Updated estimates for the costs of operations and maintenance are projected at a 14% increase between 2022 and 2060 because more trains will be needed to handle the projected increase in riders.



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The business plan, however, indicates that the estimated cost of \$68.4 billion to build the Phase 1 route has dropped slightly to \$67.6 billion by assuming a lower inflation rate.

Despite the prospect of declining revenue and rising costs, researchers predicted that the 500-mile network — with construction paid for by a blend of state and federal money — will be self-sustaining and not require a government subsidy to help pay for operations.

After more than a year of delay, high-speed rail officials hope to break ground on the first 29-mile segment of track in the Central Valley this summer.

The project suffered a major setback recently when a Sacramento Superior Court judge refused to validate the sale of high-speed rail bonds authorized by voters in 2008. He ruled in a separate lawsuit that the funding plan did not meet legal requirements to identify sources for all money needed to finish the first usable section of the line.

Under agreements with the federal government, the state must begin contributing matching funds to the project on April 1 or risk losing several billion dollars in federal assistance.

State officials have asked an appeals court to overturn the judge's ruling and the Brown administration is seeking other state funds to fill the gap.

In light of the court ruling, the plan states that the rail authority continues to evaluate options for funding the project with state bonds and other federal, state and local sources, including the possibility of tapping \$250 million in revenue from the California cap-and-trade program designed to reduce greenhouse gases.

The authority also has begun searching for private investors and researching possible transit-oriented development along the route as well as other potential revenue sources, such as advertising and concessions aboard trains.

The public will be allowed to comment on the draft plan for 60 days. A final version is expected to be approved by the authority board in April and sent to the Legislature for consideration no later than May 1.

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